

# Personal Indexes

## Customizable Index Solutions to Help Navigate Volatile Markets

Adhesion's Personal Indexes represent next-level ingenuity in providing customized, index-based investment solutions that can be tailored to suit specific investment objectives. Our proprietary tools and techniques enable advisors to deliver a personalized investment experience along with the performance found in our Direct Indexes.

### The Personal Indexes Process



### Key Features

#### Create Personalized Portfolios

Personal Indexes help advisors offer their clients customized options, including the implementation of active screens to create indexes that are unique to your practice and only available to your clients. Along with screening for components such as specific GICS sectors, you can optimize an index strategy based on other client preferences, including:

- Environmental, social, and governance (ESG) criteria
- Investment styles (value, dividend, growth)
- Factor tilts such as momentum, volatility, or valuation

#### Tax-Managed Trading

When providing a tax-managed approach to client portfolios, Personal Indexes are an effective vehicle for helping advisors provide tax alpha in ways not available with ETFs or mutual funds, including:

- Selling of tax loss harvestable individual securities
- Capital gain deferment
- Tax lot optimization
- Incorporating current holdings into a customized, index-based portfolio
- Reducing unnecessary trades and tax expenses

#### Efficient, Index-Like Returns

Personal Indexes can be a valuable tool for advisors looking to emulate returns of indices that are not directly investable. By taking advantage of our index strategies to provide clients with a tax-aware diversification component, advisors can potentially realize a more efficient investable substitute that generates return profiles to replicate exposure to the economic risks and potential payoffs of a benchmark index.

#### Tax-Advantaged Transitions

Whether it's the addition of new client assets or changes to existing strategies or managers, the tax consequences associated with moving client investments to new accounts are a primary consideration (particularly with high-net-worth investors). Personal Indexes can help advisors generate tax-advantaged transitions around index-based strategies while preserving the client risk profile, keeping an eye towards:

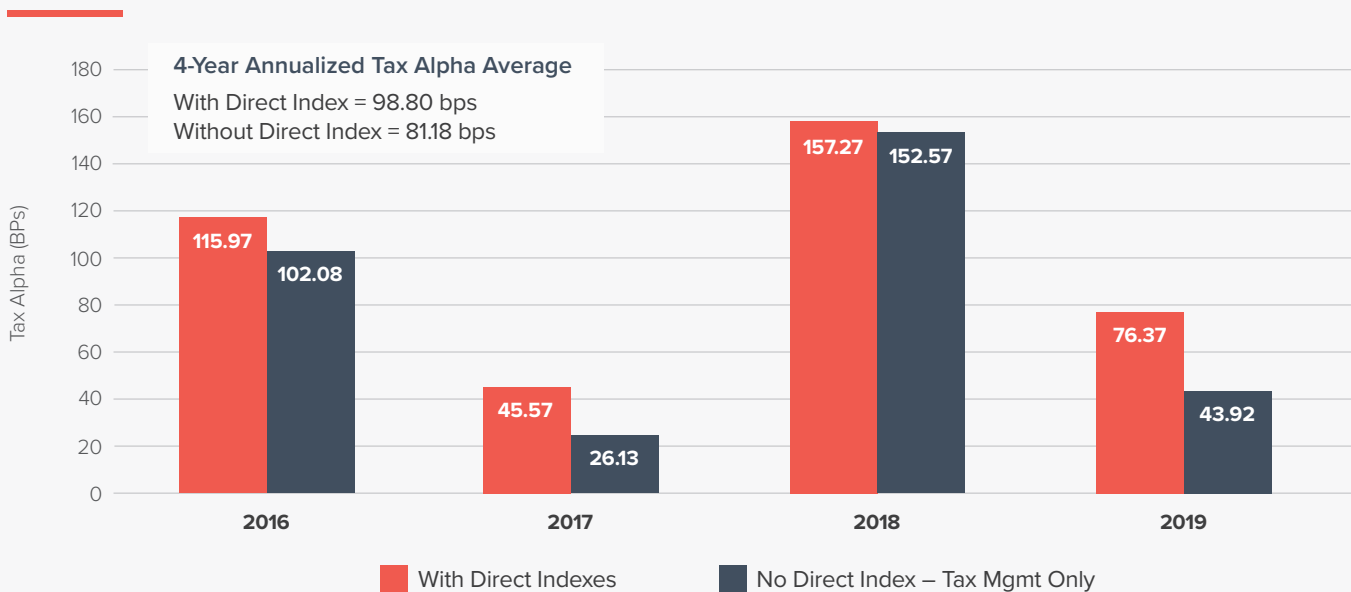
- Potentially enhancing after-tax returns
- Unwinding concentrated stock positions
- Tax-aware transitioning of investment accounts
- Retirement and estate planning

## A Compelling Way for Advisors to Differentiate Their Services

Minimizing tax liability while managing portfolio risk is an important component of the overall value advisors try to bring to their clients. Our experience with direct indexing shows how index strategies can provide tax-aware portfolios that focus on tax-loss harvesting while demonstrating index-like tracking characteristics.

### Historical Tax Alpha (in bps)

Adhesion Clients Enrolled in Active Tax Management



<sup>1</sup>Tax Alpha refers to the actual client tax savings based on Adhesion's tax harvest program using presumed short and long term gain rates. This analysis does not consider outside, non managed taxable events in the results. This number is cited as a % of improvement where the liability reduction is compared to the client's portfolio valuation

<sup>2</sup>Only clients that were fully enrolled in the Tax Harvesting program for an entire calendar year are considered in these results. Clients that had no starting tax liability (where total losses generated are 'banked' for future tax years) were also excluded from these results.

## Questions?

To learn more about how Adhesion Wealth can help you implement custom indexing in the most efficient ways possible, visit [www.adhesionwealth.com](http://www.adhesionwealth.com)

To schedule a demo, send an e-mail to [sales@adhesionwealth.com](mailto:sales@adhesionwealth.com) or call **888-295-8351**.

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